



FOR IMMEDIATE RELEASE
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***GOVERNOR TESTIFIES, TELLS CONGRESS TO STOP
PUSHING COSTS ONTO STATES
Testimony Delivered in Washington, D.C. Today***

WASHINGTON – In testimony this morning, Governor Janet Napolitano told members of the U.S. Senate that they should break the federal government’s habit of pushing its responsibilities off onto states, especially when there is no money appropriated to help states handle the load. The Governor made her remarks during a regular meeting of the U.S. Senate Finance Committee in Washington, D.C.

Governor Napolitano, who is also the immediate past Chair of the National Governors Association, was invited to address the committee about the economic conditions facing the states. She pointed out that sharp declines in state revenues, due largely to the burst of the real-estate bubble and the fall of the sub-prime mortgage market, have left states “hurting, and there is no question that most state economies are experiencing a significant downturn.”

The Governor also decried the increasing pattern of the current Administration of cost-shifting to states. She said, “Unlike the federal government, all but one state – 49 of the 50 – have balanced budget requirements; we cannot engage in deficit spending. Eventually, the Federal Reserve’s recent interest rate cuts will have a positive impact, but in the meantime, states are left with the very real problems of service delivery – educating children, maintaining roads and providing health care – at the same time that we must cut our budgets to compensate for dramatic declines in revenue.”

Governor Napolitano then went on to give specifics – seven areas in which states are being expected to absorb federal costs – as well as recommendations for action. Those key areas and recommendations include:

- Stop changes to Medicaid, pushed by the Administration, that would reduce federal investment in Medicaid, and shift the financial burden to states;
- Overturn the directives issued last August for the State Children’s Health Insurance Program, which will actually prevent more children from accessing health coverage through SCHIP;
- Restore the 67% cut in funding for the Byrne-Justice Assistance Grant Program, the only comprehensive federal crime-fighting program;
- Fund the State Criminal Alien Assistance Program (SCAAP) at the authorized level, compensating the states for incarcerating illegal aliens who have committed crimes. (The federal government now owes Arizona \$419 million in unreimbursed SCAAP costs);

- Provide funding to implement the REAL ID Act, which stands now as an unfunded mandate to the states;
- Restore funding to the State Homeland Security Grant Program, which has been cut dramatically in the last few years;
- Fully fund the National Guard's equipment budget.

The Governor told Senators that in any future economic stimulus efforts, Congress should include a "state piece" to provide states with temporary Medicaid assistance and block grants. When the economy softens, demand rises for assistance provided by state governments. "The economic downturn will increase unemployment, which will drive more people to seek a lifeline through Medicaid and other poverty-based programs" just as states fall into budget deficits, the Governor said. A state component to a stimulus package would help to fill this gap. "This is exactly the same structure of effective fiscal relief that Congress provided to states in 2003 during the last economic downturn," the Governor told Senators in her written testimony.

A copy of the Governor's written testimony is attached.

For more information about the Office of the Governor, please visit www.azgovernor.gov.